



City of Rialto

Legislation Text

File #: 20-0376, **Version:** 1

For City Council Meeting [May 26, 2020]

TO: Honorable City Council

APPROVAL: Rod Foster, City Manager

FROM: Stephen Erlandson, Deputy City Manager

Request City Council to Provide Direction to Staff on the Use and Allocation of the Community Development Block Grant (CDBG) CARES Act Funding and Set a Public Hearing for June 9, 2020.

(ACTION)

BACKGROUND

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which appropriates nearly \$2 trillion nationwide for COVID-19 pandemic relief funding. \$5 billion of these CARES Act funds, referred to in this report as CDBG-CV funds, were appropriated to the Community Development Block Grant Program (CDBG) to assist state and local governments in their COVID-19 response.

The City of Rialto was awarded \$714,324 in CDBG-CV funds. This amount is calculated using the standard allocation for the distribution of annual CDBG funding. Due to the immediate need for the CDBG-CV funding, staff is recommending expediting City Council consideration of CDBG-CV funding recommendations. Expediting City Council consideration of these funding recommendations will make for a faster community response to meet the urgent need of the City's residents. Pending Council approval, City staff will schedule a Public Hearing on June 9, 2020, to amend the City's 2019-20 Consolidated Plan, One-Year Action Plan in accordance with the City Council's direction to staff on how the CDBG-CV funds should be used and allocated.

CDBG CARES Funding Background

The CDBG program is a federally funded program of the U.S. Department of Housing and Urban Development (HUD) that provides funding for housing, community facilities, and public services. On April 2, 2020 HUD announced the allocation of the first \$2 billion in CARES Act funding for current CDBG grantees. The CARES Act builds on features of the existing CDBG program as well as precedent set by CDBG Disaster Response (CDBG-DR) supplemental appropriations. The act directs HUD to administer these funds, pursuant to Section 106 of the Housing and Community Development Act of 1974 (42 U.S.C. 5306). This provision calls for HUD to allocate the supplemental funds to CDBG grantees -including eligible local governments, states, and insular areas - proportional to their conventional Fiscal Year 2020 CDBG allocation, as published by HUD in April 2020.

CARES CDBG-CV funding is intended to prevent, prepare for, and respond to coronavirus based on

public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruptions. The remaining funds will be distributed to states and units of local government on a rolling basis, at the discretion of the Secretary of the U.S. Department of Housing and Urban Development, with formula factors to be defined by HUD

ANALYSIS/DISCUSSION

There are several statutory differences between the regular CDBG program and the CARES CDBG-CV funds including the following:

- All activities must be used to prevent, prepare and respond to the COVID-19 virus. Therefore, each activity must demonstrate that it has met this objective.
- The Act removes the 15% public service cap. This also applies to the 2019 and 2020 CDBG entitlement allocation if used to address the impact of COVID-19.
- Changes to the 2019 or 2020 Action Plans will require amendments in accordance with the CPD Waiver issued on April 1, 2020.
- Public review period has been reduced to 5 days rather than the normal 30-day review period. The notice can be placed on the City webpage instead of publishing in the local newspaper.
- Public hearings can be replaced by virtual hearings during periods when national or local health officials recommend or mandate social distancing. Virtual hearings must provide reasonable notification and access for citizens, timely responses from local officials to all citizen questions and issues, and public access to all questions and responses.
- The Act adds a requirement to implement procedures to prevent any duplication of benefits.

Some suggestions that meet the requirements of the CARES Act include the following:

Assistance to Businesses, including Special Economic Development Assistance

- Providing grants or loans to support new businesses or business expansion to create jobs and manufacture medical supplies necessary to respond to infectious disease.
- Avoiding job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons.
- Providing technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.
- Providing assistance to owners of commercial property within the project areas whose tenants are unable to make lease payments/rent.

Provision of New or Quantifiably Increased Public Services

- Carrying out job training to expand the pool of health care workers and technicians that are available to treat disease within a community.
- Providing testing, diagnosis or other services at a fixed or mobile location.
- Increasing the capacity and availability of targeted health services for infectious disease response within existing health facilities.
- Providing equipment, supplies, and materials necessary to carry-out a public service.
- Delivering meals on wheels to quarantined individuals or individuals that need to maintain

social distancing due to medical vulnerabilities.

- Emergency housing assistance for rental and homeowners to help pay utilities, rent, and mortgages.

Buildings and Improvements, Including Public Facilities

- Constructing a facility for testing, diagnosis, or treatment of COVID-19.
- Rehabilitating a community facility to establish an infectious disease treatment clinic.
- Acquiring and rehabilitating, or constructing, a group living facility that may be used to centralize patients undergoing treatment.
- Rehabilitating a commercial building or closed school building to establish an infectious disease treatment clinic, e.g., by replacing the HVAC system.
- Acquiring, and quickly rehabilitating (if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery.
- Making interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis.
- Installing plexiglass partitions to re-open City Hall public counters.

ENVIRONMENTAL IMPACT

The request is not a Project as defined by Section 15378 of the California Environmental Quality Act (CEQA).

GENERAL PLAN CONSISTENCY

Complies with the following Rialto General Plan Guiding Principle:

Our Government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

LEGAL REVIEW

The City Attorney has reviewed and supports this staff report.

FINANCIAL IMPACT

Operating Budget Impact

The City of Rialto was awarded \$714,324 in CDBG-CV funds. These funds will be appropriated and used expeditiously to combat the effects of COVID-19 in the community based on the direction of City Council.

Capital Improvement Budget Impact

There is no anticipated impact to the Capital Improvement Budget.

Licensing

A Business License is not required as part of this action.

RECOMMENDATION

It is the recommendation of staff that the City Council provide direction to staff on the use and allocation of the Community Development Block Grant (CDBG) CARES Act Funding and set a Public Hearing for June 9, 2020 to consider said items/actions.

